

## **Social justice, the role of business and the common good**

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The phrase “social justice” has become loaded when used in Catholic circles.

Some Catholics are described pejoratively as ‘social justice Catholics’ when they appear to have more interest in political matters and left-leaning politics than the evangelical mission of the Church or the Church’s liturgy. At the same time, supporters of a broadly free economy are often accused of ignoring the social teaching of the Church and, it is sometimes argued, their views are incompatible with Catholicism if they sympathise with the ideas of F. A. Hayek who wrote a renowned critique of the idea of social justice.

The purpose of this paper is to try to cut shed some light on these matters and change the tenor of debate. There is more detail in the paper on the website. And that paper is one of a series of two or three papers on this topic that are in development.

### **Hayek’s critique of social justice**

So, let me begin by talking about Hayek’s critique of social justice in volume two of *Law, Legislation and Liberty* which was called *The Mirage of Social Justice*.

Hayek argues that the concept of social justice is meaningless in a ‘great society’ or ‘extended order’. This is because the outcome of a market economy is not intended by anybody. It is the result of a process of social co-operation. As long as the rules by which the participants act are just, the outcome is simply the result of a huge number of uncoordinated decisions.

This particular argument has been criticised by Professor Lord Plant. However, there are other arguments which I think are more difficult to dismiss. Hayek argues that social justice is a left-over from a bygone era when persons lived in small groups within which it was possible to think of resources being shared out according to principles that might be regarded as ‘just’: perhaps depending on need or the contribution of individuals to obtaining the resources that were available for allocation, and so on.

So, it might be possible (and I will come back to this) to think of a firm or a family applying principles of social justice. But the idea that a country of 300 million people can somehow distribute the goods of the country according to “just principles” is fanciful, it is argued.

How would the principle of distribution be determined? Different people will have different views on the principles that should be applied, never mind disagreement

about their application in particular cases. How should we take into account an assessment of somebody's contribution to producing the total output of society? Is it just to reward intelligence (the distribution of which is a matter of luck)? To what extent should hard work be rewarded and how do we measure it? Are some of the poor more undeserving than others? In what proportions do we apply these principles? The problem of distribution, which can be resolved, according to Hayek, by people acting co-operatively within a market economy just cannot be resolved objectively in the great society. It cannot be argued that they are resolved by voting and elections because that simply raises the question of whether an outcome is just simply because a majority of people (or the largest minority of people) agree with it.

As it happens, Hayek did not disagree with policies designed to ensure that the poor had enough to live on and be integrated into society, perhaps going beyond the level of state redistribution proposed in *Rerum Novarum*. However, he would not describe the process of bringing this about as one of promoting social justice.

Hayek also argues that the pursuit of social justice can be used to justify almost any intervention by the state and that those interventions would undermine the whole idea of a free society governed by rules of just conduct. If, for example, we were to base social justice on equality of opportunity, how can that be achieved without intimate interventions in family life? It is worth noting that papal teaching has actually made similar points.

In his attack on social justice, Hayek, not surprisingly, critiqued the purveyors of the idea and this included Catholic writers. Hayek argued that the phrase social justice had been taken over by most 'teacher and preachers of morality'. He even related this Hayek related this tendency to a loss of faith in the supernatural by the most important Christian denominations and made special reference to the Catholic Church. In most of the rest of this presentation, I am going to examine those Catholic writers and documents.

I should add at this point that this part of the paper is more the result of my co-authors work so I may not be able to answer detailed questions on it.

### **What did social justice mean in Catholic writings and teaching?**

Hayek traced the Catholic origins of social justice back to Taparelli and also referred to Rosmini.

The meaning of social justice expressed in Taparelli's work is complex. Taparelli defines social justice as 'justice between man and man'. This includes equality under the law, but definitely not equality of outcomes.

For Taparelli, however, the reach of social justice is intended to go beyond equality before the law. It relates to the Thomist concept of 'the perpetual and constant will to render to each one his right'. Taparelli, it would appear, intended social justice to be a new term for a well-established aspect of justice which is the virtue by which the citizen by which he or she directs his or her conduct towards promoting the common good of the community. The state might be involved, but this was not intended only to be the role of the state: indeed, not even mainly the role of the state. Although the operation of social justice might lead to a more equitable distribution of goods, social justice explicitly was not the process by which goods were redistributed by a central authority.

The operation of social justice applies to the individual, the family, all institutions, the city, the state and to international society as well as to the Church. It also applies to businesses – especially perhaps in the current era. It has been described in one work as “that disposition of the will which inclines individuals and groups to work for the common good of the communities of which they are parts.” It goes beyond the rather specific demands of commutative justice.

The second Catholic philosopher cited by Hayek was Rosmini. Again, I do not know a great deal about Rosmini’s philosophy, but a brief reading suggests that his outlook was rather Hayekian (whereas Taparelli was a conservative – and neither were socialists). Rosmini strongly defended property rights, proportional taxes and attacked policies of redistribution. Indeed, Rosmini’s way of describing social justice was as “to each what he owns” and the inviolability of property.

Two Church documents were cited by Hayek. *Rerum Novarum* was not cited but, interestingly, both the drafter of that document and Pope Leo XIII were students of Taparelli. And you can certainly see social justice poking through the document even though the term is not used.

*Quadragesimo Anno*, was cited by Hayek. This was published in 1931. Social justice is mentioned explicitly on nine occasions in the encyclical and there is a detailed discussion of the concept. Yet, in the discussion of social justice, there is no explicit role for the state mentioned at all (which is not to say one was not intended). Examples of the idea of social justice in the encyclical would include the requirement on employers to pay a “just wage” sufficient for a family to live on. Nell-Breuning, the drafter of *Quadragesimo Anno*, argued that the encyclical ‘has finally and definitively established, theologically canonized, so to speak, social justice’. Perhaps Hayek was aware of this when he made his point about ‘teachers and preachers of morality’.

*Divini Redemptoris* followed *Quadragesimo Anno* and was intended as an attack on communism. In this encyclical, it was suggested that social justice could not be satisfied until all people had sufficient to exercise their proper social functions. There are shades of state redistribution here, but, in fact, the intention is that this would generally happen because of other actors behaving in a socially just manner.

Indeed, this encyclical argued that action by employers and the creation of professional associations and other bodies in society would be the means by which social justice was brought about – *Centesimus Annus* argued similarly in relation to employment rights.

I am definitely claiming that the Church’s concept of social justice is somehow Hayekian. It is not. However, Hayek Catholic thinking on social justice is not what Hayek was attacking. It is a conversation on parallel lines. There may well have been grounds on which Hayek could have criticised the idea of social justice as it developed in Catholic social teaching, but social justice is clearly not the process of the state distributing the goods of the world according to some agreed principles of justice (equality, contribution, desert etc) which was the target of *The Mirage of Social Justice*.

So, my first conclusion is about academic charity. Those who criticise ‘social justice Catholics’ might better spend their time exploring and explaining what the concept was intended to mean – and its interpretation is not that easy. They might actually find themselves on stronger ground because ‘social justice Catholics’ very often misinterpret the term just as Hayek did. Secondly, those who argue that people who

follow the ideas of F. A. Hayek are not automatically excluding themselves from Catholic social teaching circles because, though Hayek cited Catholic authors, he missed his target. He was criticising a later meaning of the term which was not the Catholic meaning.

### **Social justice – practical examples**

I wanted to finish with some practical example of what social justice might actually mean or might be operationalised, mainly in the world of business. They are important 'social justice actors'.

Let's just remind ourselves what the concept means. It relates to those aspects of justice that promote the common good of the whole society – it is not simply about rendering unto people that which is agreed in contract. Our view, as authors of this paper, is that the concept needs more practical examples to help illuminate an idea which is not that well defined and which is mentioned in passing more than it is dwelled upon.

An employer who pays a worker less than another because he is black probably does not offend commutative justice, but he certainly offends social justice. The action has ramifications beyond the individuals involved and it undermines the common good of the whole community. This is the case even if the worker does not know he is being paid less.

Another example of the absence of social justice might arise where an employer hires an employee at a low wage by free agreement (thus fulfilling the demands of commutative justice), but where that wage is less than that of other employees who contribute as much to the enterprise. This may happen because the lower-paid employee is ignorant of market conditions or prevented from moving to a competing employer by family circumstances. Catholic teaching would argue that the employee is a victim of social injustice. It would not generally be a matter for the state, but it would certainly be a manifestation of the absence of virtue and of unjust treatment. It would be a matter for other bodies in society (professional associations, unions etc).

A farmer who diverts a stream the ownership of which is clearly shared, thus requiring a neighbouring farmer to sink a borehole at great cost, offends particular and commutative justice, but he does not principally act against social justice. On the other hand, a mining company that poisons the water supply of a whole village without consultation or compensation offends social justice because it prevents the villagers from obtaining a living that is due to them. The company may or may not offend commutative justice or commit a tort depending on the ownership rights that exist.

Bribes used to gain entry to a university or corruption in public life more generally are offences against social justice because they are actions that are orientated against the common good of the whole society. They may, in fact, harm no particular individual and they may or may not be illegal and they may or may not offend other aspects of justice. Similarly, it would be reasonable to describe an admissions tutor of a university who made judgements about whether to admit students on the basis of how attractive he found them as acting 'unjustly'. The same could apply to discrimination on the grounds of race which is specifically raised in the section of the Catechism on social

justice. However, it is not self-evident that this sort of behaviour should in every circumstance be the subject of state law enforced by the political authority. It could, though, be regarded as an aspect of justice and it would not be unreasonable to describe it as 'social justice'. Such rules of justice operating in non-political society would be distinct from acts of charity.

A further aspect of the sphere of social justice has been suggested by Rhonheimer. He argued that governments that grant legal privileges or indulge in corrupt behaviour that prevent entry into markets would be indicative of an absence of justice in the social and economic sphere. Indeed, Hayek notes that the classical liberal movement has regarded as appropriate the removal of man-made obstacles to the rise of individuals, the abolition of legal privileges and that, where the state contributed to improving somebody's condition, they should do so in a way that did not discriminate. This is not far from an important aspect of Rhonheimer's conception of social justice and is an aspect of justice frequently referred to in Catholic teaching, including in Pope Francis' critiques of how capitalism is perceived to operate in many countries. Ronheimer's perspective is also close to Taparelli's example of equality before the law being an important example of social justice.

## **Conclusion**

It is quite clear from our analysis that, when Hayek was critiquing and criticising the concept of social justice, he had in mind a concept quite different from the ideas of the 19<sup>th</sup> century Catholic thinkers and 20<sup>th</sup> century papal teaching documents to which he referred. Since 1938, the idea of social justice in Catholic teaching has evolved somewhat. It has sometimes been used to refer to a wider set of policies perhaps including policies of income redistribution which were the main target of 'Mirage', though its meaning is often not entirely clear.

The fact that Hayek missed the target when firing his ammunition at Catholic writers and teaching documents is important in current debate.

A strong commitment to the Church's teaching on social justice properly understood does not indicate whether somebody stands on the political left or has a belief in free markets. It is certainly clear that, as the term found its way into Catholic social teaching in the 1930s, a role for the state was intended in the promotion of social justice. But what that role was is ambiguous and the role proposed is not obviously synonymous with the role for the state proposed by modern social democrats.

There is, however, clearly a strong role for business in the promotion of social justice as understood by the Church. And the fulfilment of that role is crucial to the promotion of the common good in society as a whole.